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PROBABLE TRENDS IN THE MILITARY PROGRAMS OF SELECTED FREE WORLD GOVERNMENTS

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

INTELLIGENCE ADVISORY COMMITTEE

on 13 December 1955. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, G-2, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; the Deputy Director for Intelligence, The Joint Staff and the Atomic Energy Commission Representative to the IAC. The Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of the jurisdiction of the FBI.

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THE PROBLEM

To estimate the over-all trends in the military programs of our NATO allies (except Canada), and of Spain, Yugoslavia, Pakistan, and Japan over the next five years.[1]

ASSUMPTION

That US military aid will continue at approximately present levels.

CONCLUSIONS

1. Most, if not all, of these governments believe that the danger of general war has receded. Most of them believe they ought to re-examine their armament policies in light of competing demands upon the public revenues and in light of the military requirements which are likely to emerge from the new international situation and the rapidly developing art of modern warfare. *(Para. 14)*

2. Increasing Soviet nuclear capabilities have raised the question of whether they can achieve any practical defense against nuclear attack. They have not been able to translate the current broad "forward strategy" concept based upon the employment of nuclear weapons into a practical and tangible pattern for their own armed forces. With their feeling that the day of reckoning has been indefinitely postponed, decisions as to military expenditures therefore will be increasingly influenced by domestic political and economic considerations. *(Paras. 16–17)*

3. The general trend is in the direction of a reduction of defense budgets in Western Europe. Nevertheless, over the short run there will be a modest over-all increase in the defense expenditures of European NATO countries, since increases in Germany are likely to offset decreases elsewhere. They will, however, continue to be inadequate fully to implement the NATO program. Even maintenance of forces and budgets in NATO countries, other than West Germany, at somewhat reduced levels will not occur without considerable political strain. *(Para. 23)*

4. Over the longer period through 1960, the prospects are even less favorable. As time passes, these governments are likely to become more reluctant to adhere to

[1] This estimate has been prepared on short notice in response to a specific request for coordinated intelligence. It is anticipated that another and more definitive estimate covering the outlook for Western Europe will be forthcoming at a later date.

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an over-all strategy which, they feel exposes them to nuclear attack but gives them neither retaliatory nuclear power nor substantial protection from nuclear attack. They will find defense against such attack both costly and extremely difficult of achievement. We believe, however, that in general the defense programs of our allies will be maintained at levels necessary to secure a continued US commitment and thus obtain the deterrent effect. *(Paras. 23–24)*

5. A series of even minor concessions by the USSR would probably lead to a further decline in military expenditures, whereas resumption of the old Soviet policies would contribute to the maintenance of present levels. *(Para. 25)*

6. A cutback in US aid, particularly a reduction of US forces abroad, almost certainly would be followed by both military reductions and political discouragement. *(Para. 26)*

7. The preceding conclusions apply generally to the NATO countries. The UK is an exception, and during the next five years will probably adhere generally to a military program of approximately the present level while revamping its character to the requirements of modern warfare. In Japan there is sentiment that rearmament is now necessary, and a continued international detente is not likely to retard the program. West Germany may not adhere to the three-four year build-up and may substitute a four-five year period for rearmament. Both Turkey and Pakistan would be willing to expand their military programs, but even fulfillment of existing plans, which have contributed to their present economic distress, depends on receipt of heavy US aid. While there is a possibility that Yugoslavia will cut back its program to some degree, any such cuts are unlikely to be substantial. *(Paras. 27–28, 30, 32–34)*

DISCUSSION

I. BACKGROUND OF PRESENT MILITARY PROGRAMS

8. The mainspring in the rearmament of the major Free World nations of the West during the past seven or eight years has been the need and desire to counter growing Soviet military strength and the threat of Communist expansion by military force. The seizure of power in Czechoslovakia, the Berlin blockade, and the initiation of war by proxy in Korea were signs that even the most optimistic could hardly miss. Although the United States alone in the postwar period had the resources to carry out a speedy and large-scale program for active defense against Communist aggression, several other powers were prepared to take steps within their capacities to strengthen and modernize their armed forces. With extensive US aid, the military position of the Free World vis-a-vis the Soviet Bloc has been very substantially improved.

9. However, it was not a simple and single reason which motivated all the countries concerned. Except possibly during several crises in which fear of general war for a time monopolized the attention of governments, there has never been a common belief that full-scale war between the Soviet Bloc and the Free World was inevitable. If there was a common denominator, it was by recognition that such a war could be averted by a reasonable balance of military power. However, it was a common feeling (particularly in Western Europe) that if the two great powers fought each other, most other countries would be overrun or dis-

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astrously bombed and they must do what they could to prevent the holocaust. Thus, while active defense always has been a consideration, the idea of deterrence became the chief rationale of European NATO powers in defending the pact and in developing forces under its aegis.

10. But it was not deterrence alone that caused some governments to develop military programs in cooperation with the US and with US assistance. In some countries the military program was adopted in part to strengthen the existing government against the threat of internal subversion, as in Greece; to strengthen the government against its immediate neighbors, as in Pakistan; or to gain in international standing, as in Italy. The weight of US leadership and economic power also has been a factor; the expectation of US economic aid and US expenditures within their borders were strong motivations in some of these countries. Moreover, the importance of obtaining a US commitment, in the form of an open declaration if not of actual forces, was often an overriding factor. The risk or annoyance caused by the presence of US forces and bases was for the most part overshadowed by a sense of security against the USSR, and in some cases other erstwhile or potential enemies (e. g., Germany) as well.

11. Along with the desire for a US commitment was an effort to influence US policy and to achieve a voice in international affairs which these countries would not otherwise have been able to assert. The nature of modern warfare and the increased polarization of power meant that, unless some form of association occurred, the less powerful became mere pawns. In these circumstances, the NATO and other alliances provided a form of association which did not offend national sensibilities and enabled them to influence Free World policy. These factors constitute a foundation for cooperation not without meaning for military programs, and suggest that there is a minimum level of military contribution below which members cannot unilaterally go without an unacceptable loss of influence.

II. THE PRESENT SITUATION

12. *Decline in motivation.* To the extent that the military programs were based upon fear of war, they have lost some of their motivation during the past two to three years. The termination of hostilities in Korea and Indochina, the relative quiet in the Taiwan Straits, and the relative stability in Europe have given an appearance of a world freer from situations which generated the fear of incidents and expanding conflict. The developments in the USSR following the death of Stalin have created an atmosphere in which the danger of Communist expansion by force appears to be at least temporarily reduced. The Summit Conference at Geneva in July led to the establishment of a tacit understanding that issues in dispute between the Bloc and the West would not be allowed to lead to a general East-West crisis involving serious danger of general war. Thus a growing *popular* feeling has crystallized that the nightmare of nuclear war, in which everyone in one way or another would be involved, can be permanently exorcised, despite the disappointment of the Foreign Ministers' Conference in Geneva.

13. *New factors in policy determinations.* We see few signs that the governments themselves share this popular optimism. Responsible leaders and experts who have lived through the last decade cannot so rapidly become convinced that the USSR has changed its ultimate objectives. They fail to see any convincing signs that the fundamental Soviet threat to the Free World has in fact diminished. Nevertheless, the situation in which these governments now find themselves has changed in several ways, and they must make their policy decisions over the next few years in the light of factors different from those which existed several years ago.

14. However much they may be convinced that basic Soviet intentions have not changed and that present Soviet tactics are likely to be applied unevenly, most if not all of these governments believe that the danger of general war has receded. Most of them believe they ought to re-examine their armament policies in light of competing demands upon the public revenues and in light of the military

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requirements which are likely to emerge from the new international situation and the rapidly developing art of modern warfare.

15. *The nuclear factor.* The increasing capabilities of the US and USSR in nuclear warfare, and particularly the publicity given to these increases, have had a profound effect upon both public and official opinion in some of these countries. In the UK, the government faced the problem squarely. It concluded that, despite the increased danger of total destruction, possession of a substantial nuclear capability constituted a substantial deterrent. The government decided to continue the manufacture of nuclear weapons and to undertake the development of thermonuclear weapons. The development of the capability for delivery of nuclear weapons was continued. Without such capabilities, it believes, the UK could not remain capable of playing a major role either in international politics or in the determination of military strategy.

16. On the Continent the situation has been different. The NATO countries of Western Europe, with the possible exceptions of France and West Germany, at present do not individually have the industrial and technological capacity to develop a military nuclear capability [2] or a system of defense against nuclear attack. They have been more immediately concerned with the question of defending their own borders while leaving the nuclear development responsibility to the United States. But increasing Soviet nuclear capabilities have raised the question of whether they can achieve any practical defense against nuclear attack. With their feeling that the day of reckoning has been indefinitely postponed, decisions as to military expenditures therefore will be increasingly influenced by domestic political and economic considerations.

17. Another factor has been the absence of adequate guidance from NATO to its member countries in light of the new strategic situation. The various defense establishments feel that they are not getting the advice they require to rearrange their own budgets in conformity with new force patterns and to persuade their own parliaments that such rearrangements are necessary. As a result, they have not been able to translate the current broad "forward strategy" concept based upon the employment of nuclear weapons into a practical and tangible pattern for their own armed forces.

18. In the countries where military programs have been developed to protect the regime against internal subversion and neighboring countries or to gain in international standing, the nuclear factor has had much less effect on the development of military programs. The nature and levels of military programs in Spain, Yugoslavia, Greece, Turkey, and Pakistan are unlikely to be substantially affected by the same strategic considerations and problems which apply in Western Europe generally.

19. *Economic and political factors.* A considerable variety of economic concerns will also affect the decisions of governments on the nature and level of the military programs. Industrial and technological capacities vary extensively, as do the scale and nature of US aid. In Turkey and Pakistan, where the US has supplied most of the equipment and provided direct financial support as well, the level of military programs will continue in almost direct proportion to the quantity of US aid. For Spain, Portugal, and Iceland, the countries' attitude has been strongly influenced by the economic benefits to be derived. In France, Italy, the UK, and Japan where, aside from direct expenditures by US forces based locally, US aid has now taken largely the form of offshore procurement, a principal value of the aid has been its very considerable contribution to the balancing of their international payments. MDAP aid has, therefore, provided substantial economic assistance; in some cases it has permitted an improvement of military posture which otherwise would have been impossible from local resources; in some of the major countries of Europe it has contributed to an advancing standard of living by providing a means of paying for imports while these countries were supporting their own military establishments.

[2] West Germany is prohibited from manufacturing nuclear weapons under the Paris Accords.

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20. Although US aid has been an important factor, substantial local resources have been applied to military establishments in most countries, in many cases at rather a considerable sacrifice of domestic economic and social programs. Nevertheless, there appears to be little doubt that most of the countries concerned have the economic ability to maintain their programs at current levels provided US aid continues in substantially the present form and quality. Most countries discussed in this paper have shared in the general economic prosperity which presently characterizes the Free World and only Turkey and Pakistan can be said at present to be in serious economic difficulties.

21. But the principal question facing most governments is not whether the economy remains capable of supporting the continued level of military budgets, but whether it is politically possible to hold to present levels. The atmosphere of detente, uncertainty as to the real value of these programs, in some cases increasing political pressure for domestic economic development and financial stability, a general return to domestic concerns, and declining interest in international problems will make it increasingly difficult for some of these countries — particularly where governing coalitions already lack unity and have unstable bases of parliamentary support — to hold to present levels.

III. GENERAL LEVEL OF FUTURE MILITARY PROGRAMS

22. There are no signs that these governments are prepared to make any major departures from the basic concept of a joint military effort. There is a considerable body of opinion in Europe either unaware of or indifferent to NATO. Moreover, a number of politicians would prefer that NATO's political and economic aspects be given added emphasis. In the predominant view, however, a joint defense effort is essential to deter not only open Soviet aggression but Soviet diplomatic and subversive offensives as well.

23. We believe that defense programs in the NATO countries will be maintained at levels necessary to secure a continued US commitment. The general trend is in the direction of a reduction of defense budgets in Western Europe. Nevertheless, over the short run there will be a modest over-all increase in the defense expenditures of European NATO countries, since increases in Germany are likely to offset decreases elsewhere. They will, however, continue to be inadequate fully to implement the NATO program. It appears almost certain that the member countries will not meet the current force goals for 1956. Lack of certainty over the implications of the "forward strategy" concept, the high cost of carrying it out, and the major assistance and rearrangements required to develop an integrated air defense system, make it unlikely that present broad programs will be realized. Even maintenance of forces and budgets at somewhat reduced levels will not occur without considerable political strain.

24. Over the longer period through 1960, the prospects are even less favorable. The impact of new weapons has not been fully digested. As time passes, these governments are likely to become more reluctant to adhere to any overall strategy which, they feel, exposes them to nuclear attack but gives them neither nuclear retaliatory power nor substantial protection from nuclear attack. On the other hand, they will find defense against such attack both costly and extremely difficult of achievement. However, most will maintain what they consider to be reasonable forces as a contribution to the total deterrent effect, and for protecting their own borders in case of attack, protecting colonial and dependent areas, and insuring internal order. It will be extremely difficult to meet emerging problems involving maintenance of equipment now on hand, growing obsolescence of large stocks of materials, and the rising costs of new equipment designed for units capable of meeting the test of nuclear warfare. This factor will assume added importance as equipment costs compete for a larger share of the defense budget.

25. The development of Soviet policy will have a most profound effect. If the USSR were to make a series of even minor concessions, this would probably lead to a further, and possibly even a substantial, decline in military expendi-

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tures as governments found it increasingly difficult to obtain parliamentary support for high military budgets. Resumption of the old policies would contribute to the maintenance of present levels, but even then Soviet capabilities and technological achievements in the weapons field, appropriately handled by Soviet propaganda, could lead to an increasing sense of frustration and futility.

26. US policy will also have a profound effect. A substantial reduction of the US defense effort would be regarded as a signal for many of these countries to follow suit. A cutback in US aid, and particularly a reduction of US forces abroad, would be regarded as a slackening of US interest and almost certainly would be followed by both military reductions and political discouragement. On the other hand, it may be possible to trade out substantial increases in the amount of US aid, including new weapons, for some increases in European military budgets.

IV. SPECIAL SITUATIONS IN CERTAIN COUNTRIES

27. The generalizations in the preceding paragraphs apply generally to the NATO countries. As noted above, the UK is an exception, and during the next five years will probably adhere generally to a military program of approximately the present level while revamping its character to the requirements of modern warfare. Two of the NATO countries — West Germany and Turkey — and four countries outside NATO — Yugoslavia, Pakistan, Japan, and Spain — also constitute special situations which are dealt with briefly below.

28. *West Germany.* During the occupation period West Germany progressed rapidly from economic prostration to prosperity through close collaboration with the three Western occupying powers and under the cover of their protective military forces. Despite considerable opposition to rearmament, it was finally accepted as a symbol of sovereignty and an expedient to retain Western aid and support. Now, however, even with sovereignty restored, economic prosperity, and the spectre of Communist aggression somewhat faded, the governing coalition has had difficulty in getting on with rearmament. Moreover, parliamentary groups, both within and outside the coalition have been particularly concerned with insuring civilian control over the military. Some delays in rearmament can be attributed to this concern. Although the program is already underway, West Germany may not adhere to the three-four year build-up and may substitute a four-five year period, unless US aid is provided to cover a substantial portion of the deficit.

29. Another and important factor in the German situation is the still unresolved problem of German unification and European security. There are no signs that the present government will become any less convinced of the desirability of rearmament and NATO membership, but the disposition of some Germans to consider trading these for unification and to keep open the possibilities of direct negotiations with Moscow may cause further delay in rearmament. Recruiting of volunteers is already underway, but it is possible that the government will not start conscription before the 1957 general elections, and other steps to implement the NATO program may be held up pending both further international developments and the outcome of the elections.

30. *Turkey.* At present there are no discernable pressures within Turkey for a reduction in the military establishment. The Turkish defense effort has the support of the people and government. The Turks would, indeed, be willing to build a military force even beyond the limits projected if the additional funds and equipment were available. Should national revenues fall short of meeting appropriations, however, and continued US aid not be forthcoming in at least the present amount, some effort to reduce defense expenditures must be expected. Turkey cannot support her present or projected defense establishment without outside assistance. The current defense program is only possible because the most expensive element — major equipment — is being provided by the US. The requirement for this assistance will continue for the foreseeable future if the present Turkish defense effort is to be maintained.

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31. *Spain.* Spain will continue to maintain her armed forces at approximately the current force and budgetary levels. It is anxious to modernize its present antiquated defense establishment, but any substantial improvement will be dependent on US aid.

32. *Yugoslavia.* The Yugoslav leadership is presently convinced that the threat of attack, particularly against itself, has abated. There is thus a possibility that Yugoslavia will cut back to some degree in its military programs. Nevertheless, any such cuts are unlikely to be substantial. Tito is likely to retain a healthy respect for military power as one bulwark of diplomatic strength, particularly if the general impression grows that the major powers are unwilling to permit full-scale nuclear war to develop.

33. *Pakistan.* The level of future Pakistani military programs will probably depend directly on the amount of US aid forthcoming. The Pakistani military authorities would like to expand their army and have even discussed the possibility of expanding their troop basis over and above present requirements for defense of Pakistan's own territory so as to provide an expeditionary force which could be earmarked for use by the Baghdad Pact group in event of general war. However, such an expansion would have to be virtually completely US-financed. Even prosecution of the present modernization program would be economically impossible without US defense and direct forces support in addition to MDA aid. Should such support be reduced or eliminated, the Pakistanis would probably be forced to make some cuts in troop strength, though they would try to retain the present approximate strength ratio with India.

34. *Japan.* Rearmament in Japan, originally undertaken at US behest, is now generally accepted as necessary. The most significant factors sustaining this program are the desires to achieve the status of an important world power exercising an independent influence in international affairs, and to eliminate the necessity for the stationing of US garrison forces in Japan. However, there is no general support for either a rapid or sizeable build-up of the armed forces beyond presently planned levels. A continued international detente is not likely to retard this program which over the next five years would give Japan a modest military establishment capable of making some contribution to its own defense. It is predicated upon continuation of US aid, although not necessarily in present quantities. It seems unlikely that the Japanese will step up this program during the period of this estimate.

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